

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 05/29/2012

**POSITION:** Oppose

**SPONSOR:** CalSTART, Natural Gas Vehicle Coalition

**BILL NUMBER:** SB 1455

**AUTHOR:** Kehoe, Christine

### **BILL SUMMARY: Alternative fuels.**

Existing law requires the Energy Resources Conservation and Development Commission (Energy Commission), in partnership with the Air Resources Board (Air Board), to develop and adopt a state plan to increase the use of alternative transportation fuels.

This bill would require the Energy Commission and the Air Board on or before November 1, 2014, to update a specified economic analysis, evaluate how new and existing investment programs could increase state alternative transportation fuels use, and evaluate how the impact of federal and state fuel policies could help increase state alternative transportation fuels use. The bill would require the Energy Commission and the Air Board, on or before November 1, 2015, and every 2 years thereafter, to report, as specified, on the status of state alternative transportation fuels use. The bill would, as part of developing and amending regulations, require the Air Board to include a finding on the effect of proposed regulations on state alternative transportation fuels use.

### **FISCAL SUMMARY**

The Energy Commission estimates it would require \$150,000 Alternative and Renewable Fuel and Vehicle Technology Fund annually to complete the required comprehensive evaluation of alternative fuels use, as specified, and include the results in the Integrated Energy Policy Report (IEPR) updated and issued every two years. The Energy Commission notes the bill would require analyses of investment financing not currently required to be included in the IEPR. We note that any request for additional resources would be reviewed for workload justification as part of the annual budget preparation process.

The Air Board estimates it would need \$290,000 Motor Vehicle Account (MVA) and two ongoing positions to implement the bill provisions. The positions would be needed to: (1) evaluate how investment programs could be used to increase state alternative transportation fuels use, (2) evaluate how federal and state fuel policies could help increase alternative fuels use, (3) support findings in new and amended regulations addressing each regulation's effect on alternative fuels use; and, (4) on or before November 1, 2015, and every two years thereafter, support development of the Integrated Energy Policy Report as it relates to alternative transportation fuels use. The Department of Finance (Finance) finds this estimate to be reasonable, as ongoing input into regulatory amendments and new regulations would require additional staff.

The bill also would require the Energy Commission and the Air Board to develop, by November 1, 2014, an updated petroleum fuel price economic analysis with specified components, to be used in the development and review of future Air Board regulations. Finance assumes this one-time workload would be absorbed by existing staff within existing resources.

Analyst (623) S. Montoya	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

## AUTHOR

**AMENDMENT DATE**

**BILL NUMBER**

Kehoe, Christine

05/29/2012

SB 1455

## SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 25, 2012, version are minor and do not alter our position. The bill has been amended to change the due date for the updated economic analysis from January 1, 2014, to November 1, 2014. The bill also has been amended to change the due dates for reporting, in the IEPR, on state alternative fuels use from November 1, 2013, and every two years thereafter, to November 1, 2015, and every two years thereafter. Finally, the bill has been amended to change references to progress made in meeting the state alternative fuels use goal to reporting on the status of state alternative transportation fuels use.

## COMMENTS

Finance is opposed to this bill because implementation would result in significant ongoing staffing costs to the Air Board and contract costs to the Energy Commission for which the bill does not provide an appropriation or other funding. The MVA, the logical source of funding to support the Air Board efforts, is already under significant pressure to fund other high priority needs, including those of the Department of Motor Vehicles and the California Highway Patrol. In addition, the bill is unnecessary, as the Energy Commission and the Air Board have the authority under existing law to accomplish the tasks the bill would require if such efforts are deemed a priority for existing program funding.

The bill is intended to direct the appropriate state agencies to update the existing state alternative transportation fuel plan authorized by Chapter 371, Statutes of 2005. The proposed update, by focusing on additional current data including state and federal fuel policies, is intended to ensure each Air Board regulation and regulatory change addresses the effect it would have upon increasing state alternative transportation fuels use. The update is also intended to further the creation of jobs, more clean fuels and additional greenhouse gas reduction. The bi-annual updates to the IEPR the bill would require are intended to inform future state efforts to increase the state alternative fuels use.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)				
	LA	(Dollars in Thousands)				
	CO	PROP				Fund
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015 Code
3360/Energy Comm	SO	No	C	75 C	150 C	150 3117
3900/Air Res Bd	SO	No	C	145 C	290 C	290 0044
<u>Fund Code</u>	<u>Title</u>					
0044	Motor Vehicle Account, STF					
3117	Alternative & Renewable & Vehicle Tech					